Guidelines Announced by RBI

3387. SHRI SURESH KALMADI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Reserve Bank of India has recently announced guidelines and procedure for enlistment of primary dealers in Government securities market; and

(b) if so, what are the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASEKHARA MURTHY): (a) Yes, Sir.

(b) The main objectives of the Primary Dealers System (PDS) in Government Securities are to:

(i) strengthen the infrastructure in order to encourage voluntary holding of Government securities amongst a wide investor base;?

(ii) to develop underwriting and market making capabilities for issue of Government securities outside the Reserve Bank of India so that the latter could gradually shed these functions. and

(iii) to make the Plimary Dealers System (PDS) an effective conduct for conducting open market operations.

Subsidiaries of banks or financial institutions and companies predominantly doing business in Government Securities market and having net owned funds of minimum of Rs. 50 crores are eligible to apply for Primary Dealership.

Premium on lapsed policies of LIC

3388. SHRI SATISH PRADHAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that a notices issued to LIC on recommendation of CAG have been withdrawn; if so. the reasons thereof;

(b) whether it is a fact that LIC does not refund accrued premium on the lapsed policy;

(c) whether it is a fact that huge amount of matured policies have remained unclaimed by the policy holders as on date;

(d) whether the profit made on the premium of such lapsed policies will also be covered under concessional rate of taxes; and

(e) whether Government will consider the recovery of taxes at general rate of tax on such amount?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASEKHARA MURTHY): (a) Yes, Sir. On examination, it was found by the Central Board of Direct Taxes (CBDT) that the Assessing Officer was not legally competent to vary the Actuarial Valuation Report and hence he was instructed by the CBDT to drop the proceedings.

(b) to (e) The Life Insurance Corporation of India (LIC) have informed that a policy which lapses during early years does not acquire "Paid-up Value" due to initial expenses incurred by the LIC and the cost of risk cover provided during the period the policy in force. Therefore, LIC does not refund the accrued premium on the lapsed policies. The premium income not returned to the policyholders on the lapsed policies becomes a part of the "Life Fund". The surplus on actuarial valuation of Life Fund will be taxed at the rates specified in the Income Tax Act 1961. No proposal is under consideration to change the rate of tax on income accruing to the LIC on lapsed policies.

(c) No, Sir. The LIC have reported that during the year 1993-94, the amount of matured claims which remained unclaimed was about Rs. 534.80 lakhs against the total amount of about Rs. 274486 lakhs of maturity claims paid by the LIC which works out to about 0.19 per cetn. Even after these amounts are returned back to the Life Fund, if any policyholder claims the amount in due course of time the same will be paid to him by the LIC after proper verification.

Bogus share Certificates

3389. SHRI SATISH PRADHAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that a large number of gangs are operating their trade of bogus share certificates;

(b) whether it is also a fact that licensed share holders are also involved n this racket; if so, what action Government have taken against licensed brokers;

(c) the total amount involved in bogus share certificate dealings; and

(d) whether Government will consider giving financial protection to the victims?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASEKHARA MURTHY): (a) to (d) The information is being collected and will be laid on the Table of the House.

Discriminatory attitude shown by Punjab National Bank

3390. SHRI SARADA MOHANTY. Will the Minister of FINANCE be pleased to state:

(a) the reasons which led to the merger of New Bank of India with Punjab National Bank (PNB);

(b) whether Government are aware of the discriminatory attitude shown by the management of PNB with the erstwhile employees of the NBI; and

(c) if so, the steps taken to direct the management of PNB to extend equal treatment to the employees of PNB as well as the employees of NBI?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASEKHARA MURTHY): (a) Owing to continuous deterioration in the financial poisiton of the erstwhile New Bank of India over the past few year the bank had been consistently making losses resulting in its net worth turning negative. With a view to safeguard the interest of the depositors of the erstwhile New Bank of India which would otherwise wise have been adversely affected, the erstwhile New Bank of India was amalgamated with Punjab National Bank on 4th September, 1994.

(b) According to Punjab National Bank no discriminatory attitude is being shown by the management with erstwhile employees of New Bank of India

(c) Does not arise.

Import duty on gold in Neighbouring Countries

3391. SHRI CHIMANBHAI MEHTA:

SHRI G. G. SWELL:

Will the Minister of FINANCE be pleased to state:

(a) what is the quantum of imported gold through passengers coming from abroad and other official channels during the last three years and import duty from the same;

(b) what is the import duty rate of gold in neighbouring countries; including Pakistan, Bangladesh and Srilanka;

(c) whether it is a fact that almost 25 per cent margin of profit is available on cladestine gold import;